

# April 2012

## MT TRS Outreach Update

Over the last three months, TRS has conducted outreach presentations in person or by web video to groups in:

Billings	Glendive	Kalispell
Bozeman	Great Falls	Lame Deer
Broadus	Hamilton	Poplar
Cut Bank	Helena	Scobey
Troy	Twin Bridges	

We've met with teachers, school administrators and superintendents, retirees, union representatives, taxpayers, and a number of legislators. We've also posted a video of the presentation on our web site, along with other outreach information, and distributed two editions of the *TRS Horizons* newsletter to 33,000 active TRS members and retirees. We're also gathering input through an online survey at [www.surveymonkey.com/s/R82MJSQ](http://www.surveymonkey.com/s/R82MJSQ).

### The most common response is "We can live with some changes if we all share in lifting the load."

For example, notwithstanding contract rights issues, fully 70% of TRS members surveyed say they can live with a 1.0% raise in employee contributions if employers and the state also contribute. Most also say they support raising eligibility for regular retirement from the current 25 years of service to 30 years as long as it doesn't apply to those now nearing retirement.

We're also seeing fairly uniform opposition to reducing either the 1.5% Guaranteed Annual Benefit Adjustment (GABA) or the multiplier (1.667% of salary) for calculating retirement benefits. People noted that these rates have long been at the low end of the scale compared to other pension systems. Further reductions, they say, would harm teacher recruitment and retention.

A common suggestion from our members is to earmark revenues from the lottery or natural resources to TRS. They say the state should contribute the full amount needed to return TRS to actuarially sound footing, as required by the Montana Constitution—about \$28 to \$30 million a year. In response, we've explained that such an infusion of money would help, but by itself would not fully stabilize the fund over the long term.

The reality is that some modest structural changes are needed for new hires to better align TRS with current demographic and economic trends. For example, the years required to become vested in the system could be increased from 5 years to 10, a change supported by 80% of TRS members. Our members also recognize that people are living (and working) longer, and 70% or more say they favor raising the eligible age for early and regular retirement to better match longevity trends. Such changes would help stabilize TRS assets and prevent a relapse to where we stand today.

### Looking Ahead

We continue to hold outreach forums around the state, aiming to reach as many people as time and budget constraints allow. Our survey will remain open through the end of April. Prior to the TRS Board meeting on May 11, we'll compile and analyze all the input we've received from the forums and the online survey. The information gathered will help the TRS Board develop proposed legislation to return the fund to actuarial soundness based on reasonable, broadly supported measures—a package everyone can live with.

**Montana Teachers' Retirement System**  
**1500 Sixth Avenue, Helena, Montana, 59620-0139**  
**1-866-600-4045 — [www.trs.mt.gov](http://www.trs.mt.gov)**

## Funding TRS in 2013

### [Take the 'Funding Montana TRS' survey](#)

#### What's New:

[Dave Senn's presentation to the Legislative Finance Committee](#)

(March 9, 2012 - Video)

[Stabilizing the TRS Fund: Exploring the Alternatives](#)

[Funding Your Retirement System - Addressing TRS' Shortfall](#)

#### Resources:

[In Defense of Defined-Benefit Pensions](#) - Feb. 2012

[Public Pension Reforms in Other States](#) - Dec. 2011

[State Hybrid Retirement Plans](#) - Nov. 2011

[2011 Analysis on Closing Current TRS Pension Plans](#) - Feb. 2011

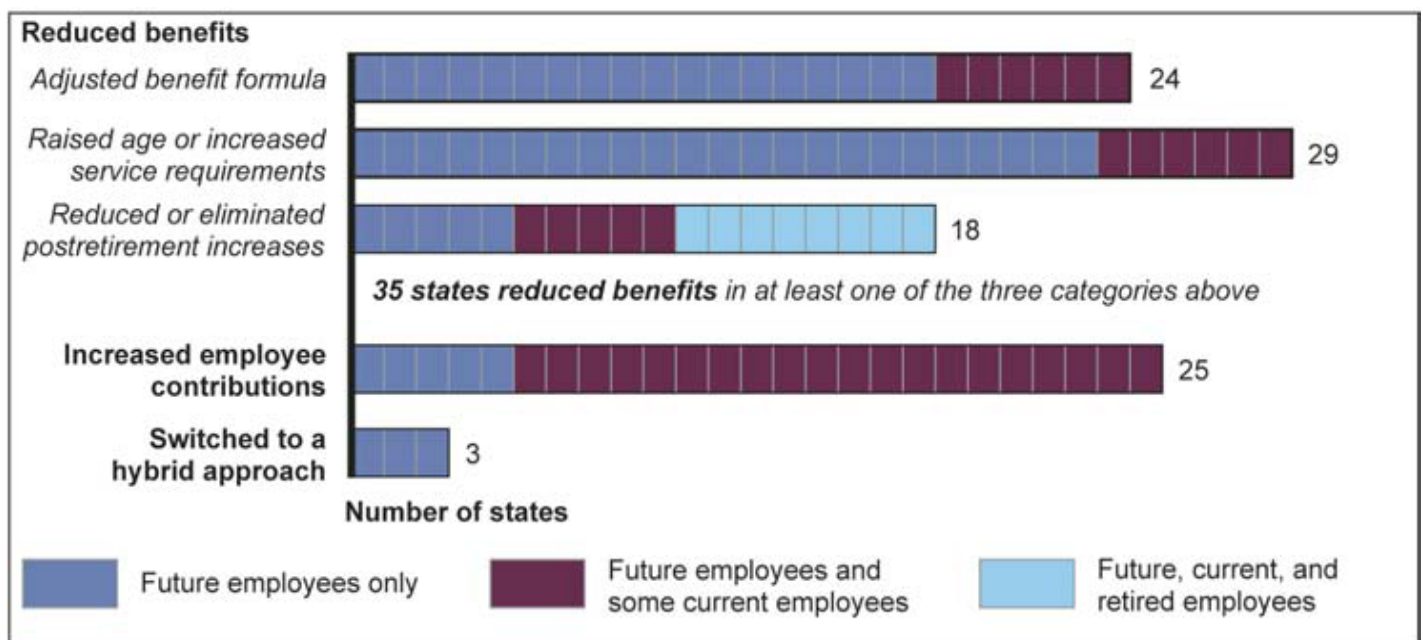


**[www.trs.mt.gov](http://www.trs.mt.gov)**

### GAO Reports: Changes to State-Sponsored Pension Plans (January 2008 to June 2011)

Despite the recent economic downturn, most large state and local government pension plans have assets sufficient to cover benefit payments to retirees for a decade or more. However, pension plans still face challenges over the long term due to the gap between assets and liabilities. In the past, some plan sponsors have not made adequate plan contributions or have granted unfunded benefit increases, and many suffered from investment losses during the economic downturn. The resulting gap between asset values and projected liabilities has led to steady increases in the actuarially required contribution levels needed to help sustain pension plans at the same time state and local governments face other fiscal pressures.

Since 2008, the combination of fiscal pressures and increasing contribution requirements has spurred many states and localities to take action to strengthen the financial condition of their plans for the long term, often packaging multiple changes together. GAO's tabulation of recent state legislative changes reported by NCSL and review of reforms in selected sites revealed the following chart. (*U.S. Government Accountability Office, March 2012*)



Source: GAO analysis of annual NCSL reports.